

Additional material re Wheaton:

Detailed Agency Staff Files, Michael Foster
Files, box 34.

MEMORANDUM

TO: John Barrett
FROM: SA Michael S. Foster
DATE: July 8, 1992
RE: Gene Wheaton

Per your request, I returned the telephone call of Wheaton, (714) 956-0987, on June 26, 1992.

Wheaton advised that he is a federal court-appointed private investigator who worked with the public defender on the Arif Durrani case. During the course of investigating the Durrani case, Wheaton was involved in depositions of several Geomiltech individuals, including Barbara Studley, John Singlaub, Ron S. Harel, Louis Petrillo and Bruce Herbert.

These interviews revealed that Geomiltech was involved in arms sales to Iran beginning in 1984 and on into 1985. This supports Durrani's defense that he was involved in a government-authorized arms selling activity.

Wheaton also stated that Durrani is currently in the Deportation Center in Oakdale, Louisiana and the U.S. authorities are ready to deport him back to Pakistan.

Durrani's court-appointed attorney is Bill Bloss of New Haven, Connecticut, (203) 772-3100. The presiding judge is U.S. District Judge T.F. Daly, District of Connecticut, in Bridgeport. Durrani's Criminal Case Number is B-86-59 and his Civil Case Number is B-90-090. Wheaton does not believe

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Wheaton Milton Case

Bloss is adequately defending Durrani. Bloss has not submitted all of these revealing depositions to the court.

I told Wheaton that we would be interested in seeing the depositions he mentioned and that I would review them and compare them with information we have in our office. Wheaton indicated he would send this material to me. A 302 of my interview with Wheaton will follow.

On July 6, 1992 I received a package of material from Wheaton, including recent depositions of Studley and Singlaub.

cc: Continuing Investigation Team
Mary Belcher
Jim Wieghart

Wheaton, Milton Gene

W. Mark Miller Gene

OFFICE OF INDEPENDENT COUNSEL
WEEKLY BRIEFING
JULY 20, 1987

ALL THE ENCLOSED
CLASSIFIED
INFORMATION CAN BE
JUSTIFIED WITH THE
APPROPRIATE RULES
AND REGULATIONS THAT
ARE GOVERNED BY
EXECUTIVE ORDER
12356.

~~SECRET MATERIAL ATTACHED~~

DECLASSIFIED
EO 12356
By <i>clp</i> 3/22/95

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CENTRAL INTELLIGENCE AGENCY/
U. S. DEPARTMENT OF STATE

Referred

UNITED STATES DEPARTMENT OF STATE

Richard Melton, Director of the Office of Central American and Panamanian Affairs, was reinterviewed on 7/14/87. He had no special knowledge of diversion to the Contras. He did state that North had recommended haulers to handle shipments of aid for NHAO. (U)

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On 7/13/87, Jim Michel, U. S. Department of State (State), advised Ambassador Duemling opposed the employment of Rob Owen by NAHO. Duemling was concerned over who Owen would respond to and would he play by the rules. NHAO made Owen a supplier of services to UNO. Michel did not remember Oliver North telling Duemling to hire Owen. (U)

Michel's understanding of the Boland Amendment, was that all of State was covered by it. Michel never refused comment when someone asked him a question pertaining to Boland but would recommend State's Office of Legal Adviser be queried. (U)

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W. Kaden, Milton Case

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Mary Ann Singlaub was interviewed on 7/16/87, and advised she presently works in the Office of Regional Political Programs at State. (U)

Singlaub was aware that her father, General Singlaub, came to State to see Elliott Abrams. General Singlaub never discussed with her what he discussed with Abrams and she assumed any discussion involved the FDN. (U)

A retired Lieutenant General by the name of Gordon Sumner is a contract employee for ARA. Singlaub did not know what work Sumner performs for ARA but he is a friend of her father. (U)

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W. Kaden, Milton Case

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Otto Reich was interviewed on 7/16/87, and advised he was head of OPD from 7/83 to 1/86. (U)

There were many complaints of the Administration not getting its message out on Latin America and OPD was created to answer these complaints. (U)

Frank Gomez was hired by OPD to write issue papers on Latin America because of his expertise in the area. At the end of 1984 Gomez came to Reich and told him he was forming a company with Richard Miller called International Business Communications (IBC) and would like to continue his contractual relationship with OPD. (U)

OPD had three contracts with IBC which were more of the same as Gomez's contracts. Each contract was a continuation and expansion of the previous one. The reason Reich used IBC was because he wanted to keep OPD's staff small because he felt it was more productive and felt OPD got its money worth out of the contracts. (U)

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ROBERT OWEN

Subpoenas were served on several banks within the local area regarding Owen's financial records, however, it will be several weeks before the requested information is returned to OIC. (U)

It should be noted that Owen's attorney cancelled several meetings which had been scheduled for the past week due to conflict in scheduling on his part. However, Owen is expected to be interviewed by [redacted] on Tuesday, 7/21/87, as well as Randy Bellows, Attorney, OIC. (U) 7c

Also, Owen furnished various documents pertaining to the Iran/Contra matter and those documents were his personal memos which were addressed to Ollie North from Owen. Also, Owen provided his 1984 and 1986 calendar/appointment books as well as his old passport, which was cancelled 6/7/85. Owen will provide additional documents and his current passport at a future date. (U)

Furthermore, efforts are being made to interview Peter Flaherty, Director, Citizens for Reagan, Washington, D. C., regarding his relationship with Owen and Wycliff Diego. (U)

PROPOSED INVESTIGATION:

1. Continue record review at CIAHQ. (U)
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3. Make arrangement to interview Bill Kinney. (U)
4. Continue debriefings of Rob Owen. (U)
5. Continue interviews of U. S. Department of State personnel. (U)

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Warden Milton Case

FLOW OF FUNDS

TRAVELERS CHECKS

The review of travelers checks have revealed the following additional items being cashed by North. This bring the dollar total to \$5,640.

<u>DATE</u>	<u>AMOUNT</u>	<u>PAYEE</u>	<u>SIGNED</u>
8/10/85	\$100	Eastern Airlines	Oliver L. North
5/16/85	100	U.S. Air Inc.	Oliver L. North
5/16/85	100	U.S. Air Inc.	Oliver L. North
6/28/85	100	Pan American Airways	Oliver L. North
7/4/85	100	Appalachian Outfitters	Oliver L. North
12/22/85	100	Eastern Airlines	Oliver L. North
5/11/85	100	Hechinger's	Oliver L. North
6/2/85	100	Merchant's Tire	Oliver L. North
5/18/85	100	Eastern Airlines	Oliver L. North
5/10/85	100	Nat'l Bank of Commerce	Oliver L. North
6/28/85	100	Pan American Airways	Oliver L. North
10/8/86	20	Germany	William Goode
9/24/86	20	Barclays Bank, Heathrow Airport	William Goode
9/24/86	20	Barclays Bank, Heathrow Airport	William Goode
9/24/86	20	Barclays Bank, Heathrow Airport	William Goode
9/24/86	20	Barclays Bank, Heathrow Airport	William Goode
1/23/86	500	Pan American	William Goode
8/8/86	100	Barclays Bank, Heathrow Airport	William Goode

W. Keaton, Milton Cree

RE: FLOW OF FUNDS

DATE	AMOUNT	PAYEE	SIGNED
8/8/86	100	Barclays Bank, Heathrow Airport	William Goode
8/8/86	100	Barclays Bank, Heathrow Airport	William Goode
8/8/86	100	Barclays Bank, Heathrow Airport	William Goode
8/8/86	100	Barclays Bank, Heathrow Airport	William Goode
7/27/86	100	Nur Zur Verrechnung (Germany)	William Goode
7/27/86	100	Nur Zur Verrechnung (Germany)	William Goode
7/27/86	100	Nur Zur Verrechnung (Germany)	William Goode
7/27/86	100	Nur Zur Verrechnung (Germany)	William Goode
7/27/86	100	Nur Zur Verrechnung (Germany)	William Goode
7/27/86	100	Nur Zur Verrechnung (Germany)	William Goode
7/29/86	100	Deutsche Bank	William Goode
7/29/86	100	Deutsche Bank	William Goode
7/29/86	100	Deutsche Bank	William Goode
7/29/86	100	Deutsche Bank	William Goode
TOTAL	<u>100</u> \$3,200	Deutsche Bank	William Goode

Preliminary review of North's travel vouchers indicate that North was paying for airline tickets with BAC International Bank traveler checks (supplied by Aldolpho Calero) and then claiming the airline ticket expense on his personal travel voucher.

The review of North's travel vouchers was prompted by the inspection of the BAC International Bank Traveler checks

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RE: FLOW OF FUNDS

given to North by Calero. Review of the checks noted several payments to Pan American Airways by North. North like all other Federal employees should use the appropriate government agency airline ticket office or government travel requests (GTRs) to pay for air travel.

Two travel vouchers have been reviewed where traveler checks were used to purchase airline tickets. In both instances North listed excuses on his voucher for purchasing tickets with cash. On one travel voucher North claimed he lost a ticket and had to purchase a ticket with cash. A more detailed review of the travel vouchers will be conducted in the next two weeks.

Review of BAC Traveler checks to date has noted \$1,700 in checks being spent with various airlines. North was also using the travelers checks when he was traveling in Europe. It is assumed that North used this money to pay for his hotel and meal expenses in London and Frankfurt. North has cashed at least \$1,500 in traveler's checks while in Europe.

The Financial Management Division of the White House has been contacted and requested to provide all check numbers on North's expense checks. The U.S. Treasury will be requested to supply the original expense checks.

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WHITE HOUSE AND NATIONAL SECURITY COUNCIL

INTERVIEWS CONDUCTED:

Milton Gene Wheaton was interviewed on 7/13/87, in Washington, D. C. Wheaton is a former police officer and retired U. S. Army officer. He currently is an independent consultant for various private industry and Government contracts. One client is the Christic Institute of Washington, D. C.

Referred

In 1985 Wheaton became Vice President of National Air Cargo Company, out of Louisville, Kentucky, and Riverside, California. It operated a fleet of CASA 212 cargo aircraft. In Spring of 1985, Wheaton was introduced to Robert Owen and Vaughn Forrest in the office of Congressman McCullom of the 5th District of Florida by William Brode and Nestor Pino. Forrest was Administrative Assistant to Congressman McCullom, Brode was Special Assistant to Under Secretary of State for Security Assistance, Science and Technology and Pino was a Colonel in the U. S. Army who had been involved in the Bay of Pigs invasion. Wheaton was informed by many contacts that Owen was Oliver North's outside man regarding dealings with the Contras and Adolpho Calero and would have to do business with Owen involving the Contras. In the summer of 1985 Wheaton submitted a proposal to Owen for Wheaton's company to haul \$27 million of humanitarian aid authorized by Congress to the Contras. When Wheaton learned that Hakim and Secord were involved with Owen, he informed Owen and Forrest they should not be associated with those two because they were crooks. (U)

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Owen introduced Wheaton to Neil Livingstone which led Wheaton to being introduced to Oliver North, Robert McFarlane and Joseph Capucci at a party for a new book by Livingstone. That was the only time Wheaton met North and McFarlane, which was circa 12/2/85. (U)

Referred

Wheaton suggested that C. L. "Larry" Stearns, formerly of U. S. Special Forces, should be interviewed. (U)

Dave Austin has been like a brother to Wheaton. Wheaton can assist OIC in interviewing Austin out of Huntington Beach, California, concerning dealings Austin had with Secord and Hakim at Stanford Technologies to install a security system at the White House. (U)

Referred

Wheaton presented the above information to both Senate and House Select Committees investigating the Iran/Contra matter about two to four months ago. (U)

Jacqueline Tillman was interviewed on July 15, 1987, at OIC. She is a Director of Latin American Affairs Directorate, NSC, and formerly worked for Constantine Menges and Raymond Burghardt when they were Senior Directors of that directorate. No new or pertinent information was provided by her. (U)

Donald T. Regan, former White House, Chief of Staff, was interviewed on July 14, 1987. Regan essentially maintained the story he has provided to FBI and Congressional investigators since 12/86. Regan maintained he did not learn of the diversion of funds

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Wheaton Milton Case

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until advised by Attorney General Meese at 11:00 a.m. on November 24, 1986. Regan advised President Reagan first learned of the diversion at 4:20 p.m. on November 24, 1986, in a meeting with Regan, Meese and the President. (U)

Regan confronted Admiral Poindexter on November 25, 1986, and Poindexter told him he, Poindexter, knew North was into something regarding funding the Contras, but Poindexter didn't look into it because he felt sorry for the Contras. (U)

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Ledeen provided no additional pertinent information during the interview. (U)

RECORD REVIEW:

The process for preparing all previously obtained documents for data loading has been ongoing for several weeks. This process will continue until all documents have been loaded into our computer system. (U)

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(U) Items of evidence are still being reviewed at the NEOB. (S)

PROPOSED INVESTIGATION:

- (1) Continue data loading of NSC documents. (U)

Referred

- (3) Arrange for future interviews of the following individuals:

Larry Speakes
David Chew
Al Kingon
Tony Dolan
Patrick Buchanan
Jim Koons
June Bartlett
Ken deGraffenreid
Charles Tyroller, II
Robert Turner

White House
White House
White House
White House
White House
White House
White House
National Security Council
National Security Council
PIOB
PIOB

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W. Keith Miller Case

CHANNELL GROUP

On July 7, 1987 a strategy meeting was held at the Office of Independent Counsel (OIC) for members of team Channell. Team Channell consists of the following members: SA's [REDACTED], [REDACTED], IRS Special Agent [REDACTED] and Associate Counsels David Zornow and Michael Bromwich.

Investigation by team Channell has resulted in the convictions of Carl Channell and Richard Miller for conspiracy to defraud the United States, Title 18 USC 371. The basis of the conspiracy to which Channell and Miller plead was that they had conspired to defraud the U.S. by intentionally subverting and corrupting the proper purposes of a non-profit tax-exempt organization exempted under 501(c)(3) of the Internal Revenue Code, (i.e. the National Endowment for the Preservation of Liberty (NEPL)) in violation of Title 26, USC 7206 (2), (3). The U.S. was defrauded and the Treasury of the United States was deprived of revenue to which it was entitled by efforts of the named and unnamed co-conspirators to induce contributions for NEPL on the false representation that such contributions would be tax-deductible when, in truth, the contributions were not deductible since they were to be used for a non-deductible purpose, namely, to purchase of lethal and other types of non-humanitarian aid for the Contras.

It had been clear from the outset of the investigation that Lieutenant Colonel North had been instrumental in efforts by Channell to induce contributions for direct military assistance to the Contras. In order to indict North as a coconspirator in the conspiracy, however, it must be shown that North had the requisite intent to subvert and corrupt the lawful purpose of a non-profit organization exempt from taxation under IRS regulation, i.e. NEPL. Knowledge by North that NEPL was an exempt organization under 501(c)(3) by itself may not be sufficient to show that North intended to use such organization unlawfully for the purpose of obtaining monies for direct military assistance to the Contras. What has been lacking so far in the investigation of North has been direct evidence of North's knowledge that solicitations for direct military assistance to the Contras through a tax-exempt organization would be unlawful. In an attempt to establish North's knowledge the following investigation shall be conducted:

PROJECTED INTERVIEWS

1. Walter Raymond, NSC.
2. Roger Fontaine, formerly of the NSC.
3. Reinterview of John Roberts, formerly of White House Liaison Office.

Walter Raymond Miller Case

4. Mitch Daniels, former member of Don Regan's staff.
5. Curt Herge, attorney representing Carl Channell, with respect to memo prepared by Herge on the legality of privately funding the Contras in relation to the Boland Amendment.
6. Interview of White House Counsel who may have provided North with legal advice on soliciting private contributions for the Contras and tax-exempt organizations.
7. Review of at least 14 boxes of miscellaneous material (binders, newspaper articles, publications, etc.) obtained from North's office and secured at the NEOB. The materials may contain newspaper articles which appeared in the press in mid-1985 and later, which indicated that General Singlaub's organization, U.S. Council for World Freedom, (USCWF) a 501(c)(3), was disallowed by the IRS from soliciting funds for military and lethal assistance to the Contras.
8. Evaluation of Rob Owen's testimony in lieu of his recent grant of immunity. Owen appears to provide the direct evidence, which hereto was lacking in the proposed indictment of North. Owen reportedly has stated that in a conversation with North in 1984, Owen advised North that it was impermissible for a tax-exempt organization to solicit contributions for military aid.

PROPOSED INVESTIGATION OF THE IRS

A linchpin in the Title 26 Conspiracy theory is that contributions to a tax-exempt organization for direct military or lethal aid are non-deductible and impermissible under IRS regulations. It follows, therefore, that solicitations of contributions for the purchase of military or other lethal aid for the Contras, and representations that these contributions would be tax-deductible would be fraudulent.

Prior to accepting pleas from Channell and Miller a review of applicable IRS regulations indicated that contributions for purchases of military or lethal equipment for the Contras would not be tax-deductible since such contributions would not fall within the broad meaning of a "charitable contribution." After receiving pleas from Miller and Channell, Associate Counsels Zornow and Bromwich were informed by high ranking officials of the IRS of the IRS' deep reservations with the legal theory propounded in the guilty pleas of Channell and Miller. According to the IRS officials, their review of appropriate IRS

W. K. Haden, Miller Case

regulations and law indicated that contributions for purchases of lethal aid for the Contras could conceivably be considered permissible and tax-deductible under a broad interpretation of the meaning of "charitable contribution."

The IRS' current waffling on the question of the permissibility of tax-deductibility of lethal aid is perplexing and very damaging to a possible indictment of North. Associate Counsels Bromwich and Zornow have had follow-up meetings with IRS officials, but the IRS continues to cast dispersion on the OIC theory that contributions for lethal aid are non-deductible and impermissible under IRS regulations. IRS further asserted that the lethal deductibility question had not been addressed by the IRS in the recent past. Yet investigation by the OIC has determined that as early as 1982 the IRS required assurances from General Singlaub's tax-exempt organization, USCWF that the organization would not be involved in providing arms, cash or military supplies to foreign revolutionaries or actions that would violate the U.S. Neutrality Law. Further investigation has determined that tax-exempt status had been granted in as little as five (5) days to organizations in support of the Nicaraguan Refugees and Freedom Fighters in Nicaragua. Granting of tax-exempt status to an organization generally takes a great deal of time, and it appears that some intervention must have been made with the IRS to circumvent the normal procedure for these organizations. A review of documents in North's office indicates that North was intimately involved with a number of 501(c)(3) organizations and may have been involved in the creation of at least one organization, the Nicaraguan Freedom Fund. Although it may be premature to assume that the IRS had been involved in efforts to assist North or the White House in efforts to aid the Contras, information which has already been developed indicates that further investigation is warranted.

1. Draft subpoena and rider to Nicaraguan Freedom Fund (NFF).
2. Interview the following directors of the NFF:
 - a. Honorable William E. Simon (Former Secretary of Treasury);
 - b. Ambassador Jeane Kirkpatrick;
 - c. Michael Novak (American Enterprise Institute);
 - d. Mrs. Midge Dector (Chairman Committee for a Free World);
 - e. James M. Tully (Global Research International);
 - f. Jerris Leonard (attorney at law);
 - g. Harold F. Eberle (attorney at law);
 - h. Officials at Washington Times Newspaper who supported NFF.
3. Nicaraguan Refugee Fund (NRF), draft subpoena and rider.

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4. Interview individuals involved in the creation and operations of the NRF regarding representations made to the IRS and contact with the White House, and North:
 - a. Edie Fraser, of Miner & Fraser
 - b. Appropriate attorneys at law firm of Lumin & Schoor.
5. U.S. Council for World Freedom, (USCWF), draft subpoena and attached rider.
6. Interview individuals involved in the creation and operations of USCWF, regarding representations made to IRS and intent to raise funds for direct military assistance for various resistance groups:
 - a. Burt Hurlburt, fund-raiser USCWF;
 - b. Johnny Johnson, former treasurer USCWF;
 - c. Joyce Downey, Executive Director USCWF;
 - d. Larry H. Tilverberg, former Executive Director USCWF;
 - e. Griffin Merkel, Administrative Assistant USCWF;
 - f. Interview of IRS officials involved in granting/maintaining USCWF tax-exempt status.

Additional investigation to be conducted by Channell team which is unrelated to the IRS and tax-deductibility investigations:

- A. Mousalreza Ebrahim Zadeh aka The Prince Al Masoudi:
 1. Interview of Zadeh; an interview of Zadeh will be conducted if Zadeh agrees to a personal in depth proffer regarding his activities with Miller and on behalf of North.
 2. Interview of Michael Arnouse, confident and business associate of Zadeh.
 3. Interview Kevin Kattke, Kattke introduced Zadeh to Miller.
 4. Interview of Gary Bagdasarian, Zadeh's attorney who accepted \$160,000 from the William Penn Bank on behalf of Zadeh.
 5. Interview of Drug Enforcement Agency Agent [redacted] who fraudulently validated Zadeh's passport on direction of North. 7
- B. Johnathan Miller
 1. Reinterview Frank Gomez of IBC regarding his recollection of a meeting with Johnathan Miller and Steadman Fagoth, Misura leader. It is alleged that during this meeting, Miller displayed a large stack of travelers checks to Fagoth for the purpose of inducing Fagoth to align his political organization with UNO.
 2. Interview Steadman Fagoth.

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